

DISPATCH		CLASSIFICATION SECRET	DISPATCH SYMBOL AND NO. EEOW-1468
TO INFO	Chief of Station, Germany ATTN: []		HEADQUARTERS FILE NO. []
FROM	Office of General Counsel		DATE 7 APR 1980
SUBJECT	General - REDWOOD/ALCON Specific - Estate of ARCAMBORG/2		RE: "43-3" - (CHECK "X" ONE) <input type="checkbox"/> MARKED FOR INDEXING <input type="checkbox"/> NO INDEXING REQUIRED
ACTION REQUIRED			<input type="checkbox"/> INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY
REFERENCE(S)			
<p>1. We are faced with the problem of paying about \$52,000 to the beneficiary of ARCAMBORG/2 (Identity A). The beneficiary is his minor daughter (Identity B) who lives with her mother (Identity C), the agent's divorced wife. Their address is Identity B where the mother is a dentist. The benefits payable consist of salary accrued while the agent was active in a denied area, a contractual death benefit, and proceeds of an insurance policy which have been paid to KURARK in trust for the beneficiary. Security considerations prevent us from telling the insurance company the name of the insured or his beneficiary.</p> <p>2. Since the deceased agent left no will and in any case the money due is held in KURARK accounts, we are unable to concoct a cover story which will permit payment of these proceeds for what they are, that is, the estate of the deceased. Being unable to pay them as his estate we are faced with the problem of getting the money to the beneficiary without her being subjected to such high income and gift taxes as to take a substantial and perhaps major part of the proceeds. We have considered this problem from many angles and have had a cleared attorney (Identity E) get an opinion from a lawyer (Identity F) in the beneficiary's country of residence on the tax consequences of her receiving the money either there or abroad as a purported gift or in any other way than as part of her father's estate.</p> <p>3. The minimum tax consequences if this money is transferred as an apparent gift will result if we set up a self-depleting trust to pay out income and principal over a period of about ten years. However, even this will result in a tax to the country of residence of about \$8,000 to \$12,000. The foreign lawyer was working on hypothetical facts and incomplete information so it is possible that the estimates will prove inaccurate, but it seems more likely that they will be low rather than high. It may be that the beneficiary would prefer to have the funds deposited to her account in a foreign bank, probably in the United States or Switzerland. Of course, if the tax officials of her country of residence know of this they would immediately demand a large tax payment in the absence of an explanation as to why the funds should not be taxable. The tax rate in such a case might reach 68%. Nevertheless, the beneficiary may prefer to receive the money in such a way and to figure out her own methods of avoiding taxation. It is also possible that she would be willing to accept a cash payment in her country of residence or elsewhere and worry about the tax problem herself. Another obvious alternative is that the beneficiary and her mother might consider coming to PERHMS to receive payment and possibly to become residents. If they should elect to take up residence in PERHMS and give up their present residence the tax problem will be avoided.*</p> <p>4. We feel that the best solution to this problem can be worked out only if we are able to discuss it with the beneficiary's mother. Because of the notoriety attached to the beneficiary's father and the existence in the country where beneficiary resides of a community of his former nationality which is very much aware of what each member is doing, the station in that country does not feel that it can use one of its own assets to contact the mother. We believe that you are the person</p> <p>*ADDENDUM: FYI - We have not determined what, if anything, can be done for the beneficiary and her mother to shorten the current nine year visa wait.</p>			
<div style="display: flex; justify-content: space-between;"> <div> <p>Declassified and Approved for Release by the Central Intelligence Agency Date: 8-20-05</p> <p>EXEMPTIONS Section 3(b) <input type="checkbox"/> (2)(A) Privacy <input checked="" type="checkbox"/> (2)(B) Methods/Sources <input type="checkbox"/> (2)(G) Foreign Relations</p> <p>NAZI WAR CRIMES DISCLOSURE ACT</p> </div> <div> <p>FORM 10-57 53 (40)</p> <p>USE PREVIOUS EDITION. REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.</p> <p>CLASSIFICATION SECRET</p> <p>CS COPY</p> <p><input checked="" type="checkbox"/> CONTINUED</p> <p>PAGE NO. 1</p> </div> </div>			

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best qualified to meet her and after making your own assessment, explain the problem in as much detail as you feel security permits and help to determine the best means of making the payment. The station would prefer that the approach be made outside of the country. However, obviously it will be necessary for at least an initial approach to be made in the beneficiary's home town. We do not know whether or not she speaks English but it is almost a certainty that she speaks German.

5. [] can fill you in on many of the background details of the operation and the history of the agent. We suggest that you discuss it with him and attempt to educate yourself from his files and any other material that may be available. After reviewing the problem please advise us of your availability for this assignment and any special problems you foresee or alternatives you may wish to suggest.

6. Forwarded under separate cover are copies of the correspondence between our cleared attorney in PHPRIME and the foreign attorney. This correspondence explains one means of transfer of the money which we are considering and the probable tax consequences of such a method.

7. For COS, [] We will await your comments before proceeding with this contact. [] is Identity G.

SIGNED

[]

Attachments: u/s/c
 A. Identities A-G
 B. Copies of correspondence between attorneys

1 April 1960
 Distribution:
 Orig. & 2 - Addressee w/att A & B
 1 - COS, [] w/ att A
 1 - EE/COP
 1 - SR/2
 1 - C/WE/1
 1 - EE/G
 1 - RI
 1 - OGC (Return to 247 Curie Hall)

FORM 10-57 53a (40)

USE PREVIOUS EDITION. REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.

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SEPARATE COVER ATTACHMENT A TO HSCW-1468

Identity A - Arturs Bronbergs
Identity B - Ingrida Bronbergs
Identity C - Dr. Ilga Bronbergs
Identity D - Tunbacken, Lerum (Gothenburg) Sweden
Identity E - Arvin E. Opton
Identity F - Love Hambeiner
Hambeiner and Zetterlof Attorneys at Law
Lyckegatan 20, Gothenburg C, Sweden
Identity G - [] , Legal Advisor,
Gosson Station

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